

# FINANCING FOR DEVELOPMENT AND HUMAN CAPITAL

INTERNATIONAL SCIENTIFIC AND PRACTICAL CONFERENCE  
ON WATER RESOURCES IN CENTRAL ASIA  
ALMATY, RAHAT PALACE HOTEL – 2-3 NOVEMBER 2017



**THE WORLD BANK**

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# The Challenge of Development Finance in Central Asia

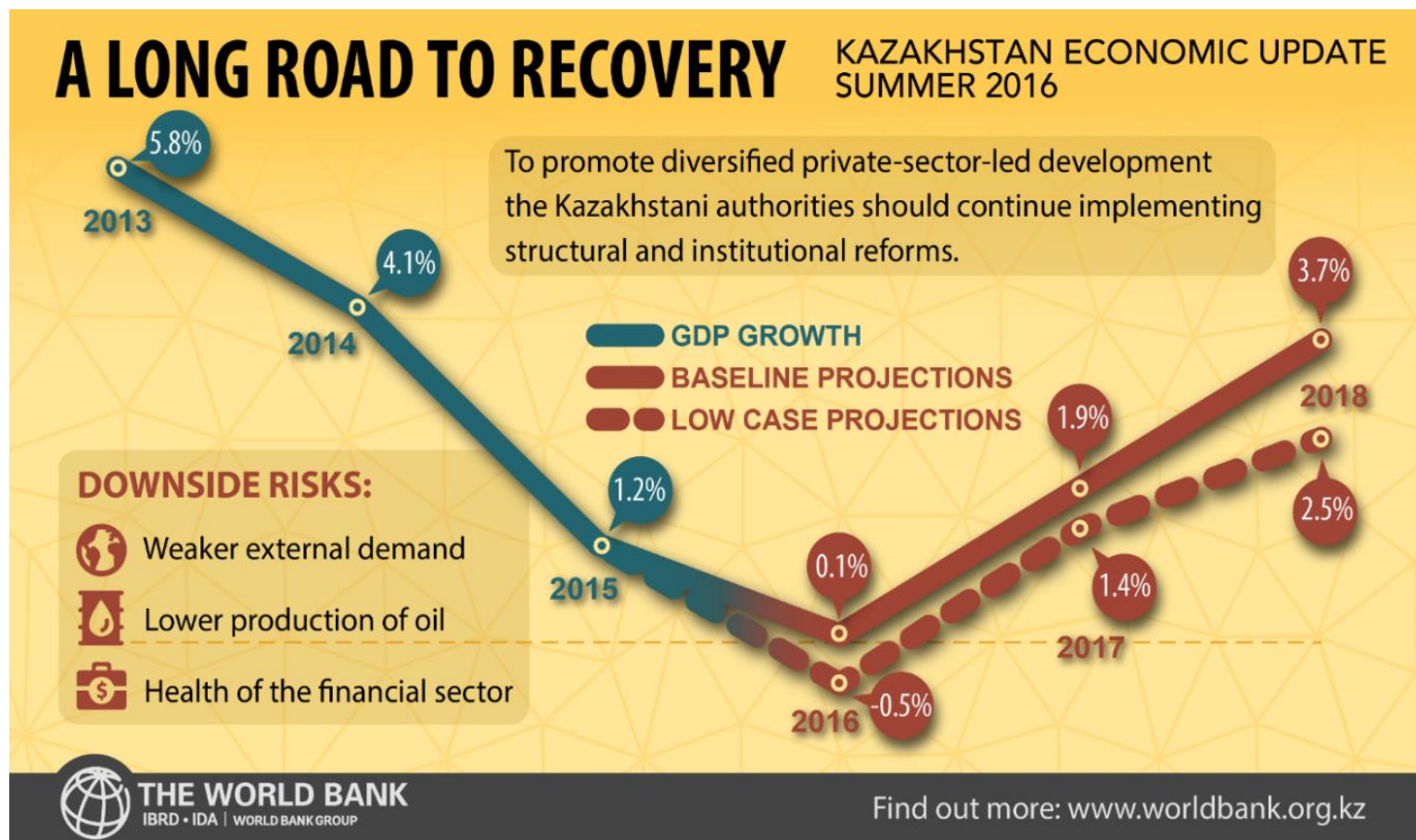
- Slow down of the Chinese and Russian Economies
- Depressed oil/commodity prices
- Structural deficiencies in the old economic models and productive arrangements
- Reduced Remittances
- Slow down in FDIs
- **NOT ENOUGH INTERNAL AND ODA RESOURCES TO MEET SDGs**

## GLOBAL, REGIONAL AND STRUCTURAL HEADWINDS

## The Caucasus and Central Asia



# The shocks were more serious than anticipated (The New Normal for Kazakhstan)



# Efforts being made by the WBG (and other IFIs)

From Addis to Hamburg – Maximizing Finance for Development

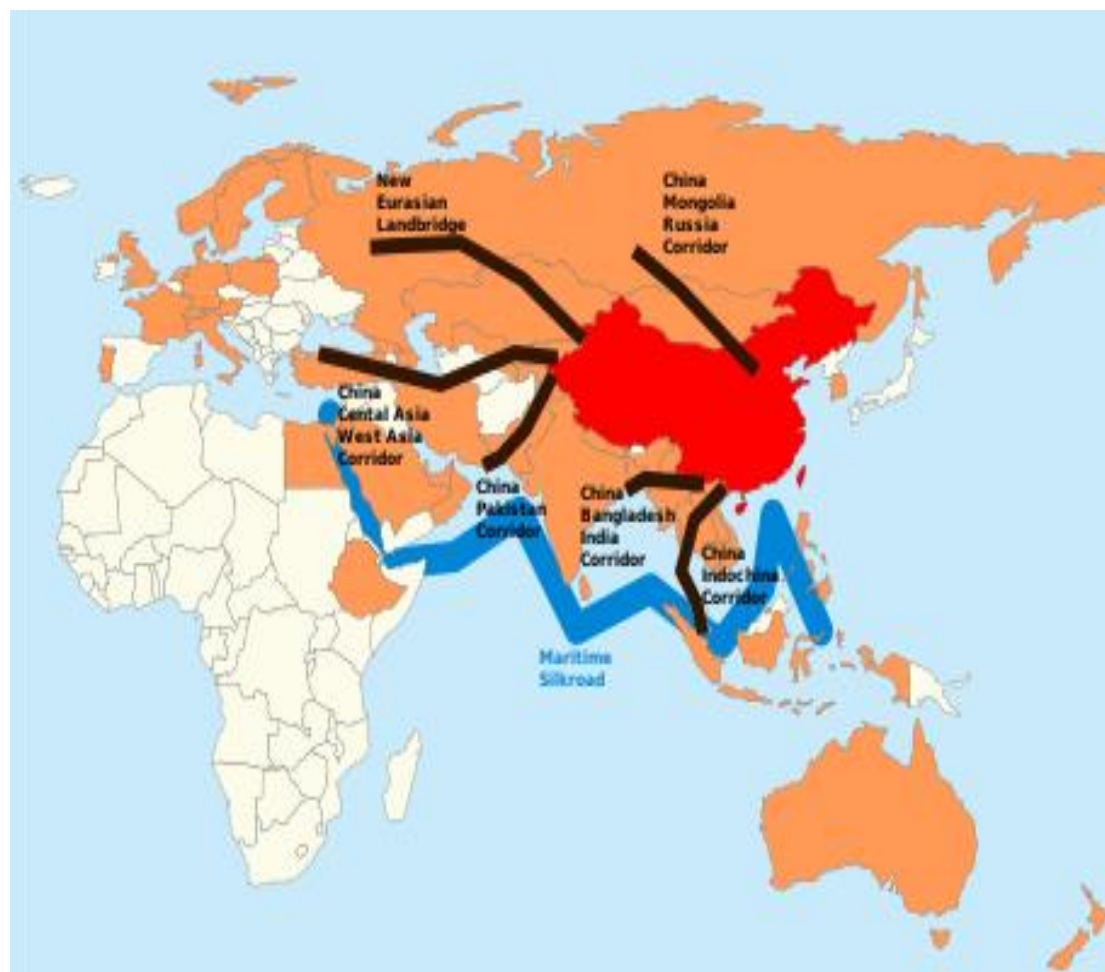
- **The Development Committee Paper (from Billions to Trillions: Transforming Development Finance)** shift focus from “billions” in ODA to “trillions” in investment of all kinds to achieve SDGs
- **Maximizing Finance for Development – Draws on Addis Agenda and expands on Hamburg Principles and Ambitions – “the Cascade Approach”**
- **Focus is on country ownership and leveraging the Private Sector for growth and sustainable development – centrality of government action on improving investment climate, strengthening domestic financial markets, promoting prudent debt sustainability and governance in project management.**



# Opportunity to watch - Belt and Road Initiative

- Central Asia is again at the cross roads of world trade with huge opportunities for transit trade between China, Russia, EU, South Asia and Iran and the Middle East
- All countries are engaged on rail, rail and port infrastructure projects
- **THE MISSING GAP IS HUMAN RESOURCES FOR THE NEW ECONOMIC MODEL AND SOFT INFRASTRUCTURE (LOGISTICS)**

## MAXIMIZING INTRA AND INTER-REGIONAL TRADE



# Emerging Cases of MFD

- **Egypt Power:** Co-financing and parallel financing from AfDB, EBRD, IFC, AfD, EIB, AIIB, IsDB – 13 projects to deliver 750 MW of solar power; financial closure of 1,500 MW of private RE project – Feed-in-tariff was the deal breaker bring in over \$5.0bn in investments
- **Columbia Roads:** 4G roads concession sequenced to create a nationwide toll road network through PPP – 33 4G projects with \$14.8 bn. IBRD TA; IFC as advisor; MIGA guarantees and syndication of private investors.
- **Turkey Health Care:** 50 project with about \$24 bn investment value – series of Adaptable Program Loans with IFC syndicated investment (\$0.5 bn) and MIGA guarantees (\$0.85 bn) for 6 projects

## LEVERAGING COLLECTIVE BALANCE SHEET OF WBG PLUS CROWDING IN OF PRIVATE CAPITAL



# Potential Cases of MFD (in the Works)

- **Horticulture/Livestock:** Horticulture Sector Development Project \$450 m in UZ (idea stage): Investment into modernizing value chains and services; Build up the capacity of the state agencies which play supporting roles in the sector (laboratories, quarantine services, research and development, etc.); Policy dialogue to remove tariff and non-tariff barriers in the sector (e.g. import duties, sale of hard currency, export limitations on fresh produce); Opportunity for more and higher skilled jobs; Livestock investment framework and services; Modernization of value chains; Create Opportunities for Regional Trade (\$150m in KG)
- **Water Resources Development:** Excellent opportunities for multisector WRD project in KG (Nurek, Ragun) and TJ; need for sector reforms, appropriate water and energy pricing and power and water trade arrangements

## LEVERAGING OF PRIVATE CAPITAL





# What does this mean for Human Capital Development

## WBG FLAGSHIP LAUNCH AS WBG-IMF ANNUAL MEETING 2017

This year, for the first time, we are including human capital in our measurement of the wealth of nations. Human capital is about 65% of the wealth in high-income countries and only 40% in low income countries. We're helping low income countries overcome this – and there is a sense of urgency – not only because we're facing several current human capital crises, but also because accelerations in technology will require countries to urgently invest in their people if they hope to compete in the economy of the future. "

Jim Kim

President, World Bank Group

## "A FORCE MULTIPLIER THAT CREATES LIMITLESS POTENTIAL"

- New growth models require new ways of doing business – a sophisticated future work force is needed
- Global thinking and digital dividend provides good foundations; globalization, ageing, urbanization and greening of the economy cannot be overlooked
- Countries need to frog leap; stay smart and improve competitiveness; interpersonal skills; higher cognitive skills and systems skills will be needed
- Focus should move to efficiency seeking investments that bring in quality green investments, adaptive technologies and opportunities for accelerated capacity building and skills for the future

# Small Beginnings – Twinning with Reputable Foreign and Local Medical Universities (KZ - Social Health Insurance Project)

## STRATEGIC PARTNERSHIP THEMES

- Academic healthcare and science system  
Corporate governance, management and leadership in medical education
- Nursing education
- Oncological laboratory diagnostics and clinical pharmacology
- Orthopedics and traumatology, radiology/nuclear medicine and emergency care
- Pharmacy, technology of pharmaceutical manufacturing, general medicine, and development of university medical and pharmaceutical science based on modern achievements in pharmacy, biotechnology and medicine
- Public health specialists and biomedicine

## SPECIALIZED AREAS FOR CAPACITY BUILDING

- New systems of governance and organization that promote autonomy and innovation
- Individual mentoring and train-the-trainer programs to build administrative, clinical, and teaching skills of local faculty
- Customized leadership programs hosted by the foreign partners' clinics to train future leaders from among selected students, interns and residents; and
- University clinic models that strengthen education and research activities through integration of healthcare delivery, education and research.

# Opportunities for Engagement in the Water Sector – Working with Governments

- KZ - **IDIP 2** (\$100m) rehabilitation of 120,000 ha of irrigation infrastructure; opportunity for introduction of new technologies in water management; green house horticulture for exports and Uber-tractor services; **Fostering Productive Innovation Proj** (\$88m); grants to scientific, academic technology institutions in fostering innovation with commercial application
- UZ – **Fergana Valley WRM** (\$225m); **South Karakalpakstan WRM Improvement** (\$260 m); **Agriculture Sector Modernization**: Horticulture (\$150m) and Renewable Energy (\$13m/GEF); Municipal services/WSS (multiple projects ca. \$210m)
- KY – **National WRM Project** (\$8m); **Agricultural Productivity Improvement** (\$40m); **Rural WSS** (\$36m)
- TJ – **PAMP II** supporting implementation of water sector reform and irrigation rehabilitation (\$30m); **ZIRMIP** Zarafshon basin irrigation rehabilitation and management (\$16.4m); **Dushanbe WSS** (\$16m) and planned Rural WSS

# Financing to promote Water and Energy Security in Central Asia

## The Central Asia Energy and Water Development Program

**Objective:** strengthen the enabling environment to promote energy and water security at the regional level and in the beneficiary countries.

### Energy Security Pillar:

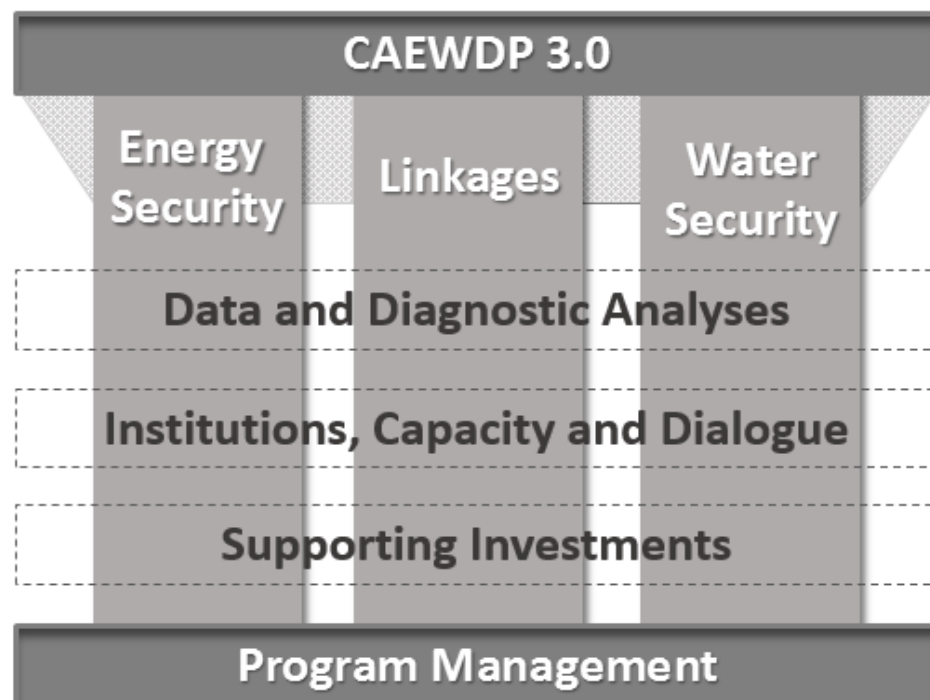
Regional & National Energy  
Generation/Transmission/Trade/  
Use

### Water Security Pillar:

Regional & National Water Use;  
National IWRM

### Linkages Pillar:

Regional Dialogue & Water  
Resources  
Cooperation; Regional & National  
Energy-Water Linkages



**CAEWDP**  
CENTRAL ASIA ENERGY-WATER DEVELOPMENT PROGRAM



# Central Asia Energy and Water Development Program

## Expected Intermediate and Long-term Results

- Identified investments in infrastructure, human capacity and institutions contributing to energy and water security at regional level and in beneficiary countries.
- Strengthened capacity in regional and national institutions responsible for energy and/or water resources management in beneficiary countries.
- Improved policy frameworks that promote achievement of energy and water security adopted at national level.
- Increased water productivity leads to stability of water demand reducing competition over shared water resources.
- Mitigation of pressures on fossil energy resources, secure electricity supply to support resilient economies.
- Enhanced regional knowledge/information exchange and coordination.



**THANK YOU  
FOR YOUR ATTENTION**

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